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Sandra D. Kennedy
Commissioner
Arizona Corporation Commission
Commissioners Wing
1200 W. Washington - 2nd Floor
Phoenix, Arizona 85007

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AZ CORP COMMISSION
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Arizona Corporation Commission

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JUN 8 2011

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Dear Commissioner Kennedy:

For many years the Arizona Public Service (APS) has been among the highest cost providers of electrical power in Arizona. It is my opinion that one reason for the higher costs is that choice is very limited in Arizona for electrical power.

Now that the Western Interconnection Grid is in place and operating, it makes sense that some competition for service may be in order. For decades residents in the Phoenix Metro Area have been assigned, without choice, to either APS or Salt River Project (SRP) for electrical service. There is a very significant difference in the rates charged by these two providers even though APS has one of the largest nuclear generating plants in the nation. I was on SRP for Electrical service from 1971 until I moved a short distance - 6 miles - in 2007, and found myself under the price gouging thumb of APS for electrical service. My electric bill was about 1/2 to 2/3 more expensive as a result of this change of service. I was not impressed by this to say the least. My next steps were to ensure that I had the most energy efficient items operating in my home. I replaced the light bulbs CFL bulbs, I replaced older major appliances with new energy star appliances, and I try to find energy star rated items for other small appliances, if available. I replaced my 12 year old A/C and Furnace with a new S.E.E.R. 17 unit. I replaced my 12 year old natural gas water heater with a high efficiency unit, and installed a solar water heater. The Water heating change brought my gas bill down to \$1.50 last summer plus the \$15 service fees from Southwest Gas! (Which is another bone of contention.) And then I added a 4.3 KW solar generating system to my roof. This has helped some, but is not sufficient to reduce my electrical bill by the 74% that the solar company estimated it would.

The point to all this is that APS is now coming to the Corporation Commission for another INCREASE IN ELECTRICAL RATES!! And one of the items they want is a compensating fee to offset the perceived loss of revenue from Alternative Power Sources! For years APS has been advocating conserve, Conserve, CONSERVE! Now when people are starting to make the changes in a significant manner, APS wants to be compensated for service they are not providing. Here is my user-specific point:

My May 2011 APS Electric Bill

APS electricity generation charges	\$81.82	
APS "Service Charges"	55.01	35.5% of my bill is APS service fees
Taxes & Fees	<u>17.99</u>	Including a "Franchise Fee" of \$2.74
Total Bill	\$154.82	

And I am now paying an Environmental benefits Surcharge, and a Federal Environmental improvement surcharge! It does not matter what I do to "do my part" the government and its regulators are going to penalize me either way! I'll bet if I were to go completely off the grid that I would be charged and taxed for that too.

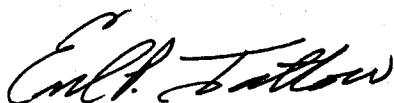
I do not believe that APS needs a rate increase. I do not believe that APS is Entitled to a rate increase! These are tough economic times. The consumer has to cut their spending and tighten up on expenses where they can. And so does APS need to improve the efficiency of its operations, and become competitive. I knew a person 30 years ago who was paid About \$75 an hour to watch a meter panel and report changes, *not correct* the problem, just report a change outside the operating limits. From the looks of my bill that position now must pay well over \$100/hr. now!

I would like to see the Corporation Commission make some needed improvements for electrical consumers in Arizona. I would like to see competitive pricing available from the Western Interconnection Grid without the Franchise Fees and Delivery Service fees. The electricity is already there on the grid. It is being provided by a number of sources and unlike coal or oil, it is not economical to store. If the grid fails, there is no electricity until the grid comes back up, so it does not matter whether it was generated by Palo Verde, PG&E in southern CA, Hoover Dam, or the big Hydro Plants in Oregon and Washington, it is all power on the Western Grid system.

I urge you to deny any increase in rates for APS, and most certainly not an authorization for APS to assess a Revenue Compensation Fee for the perceived reduction in usage due to energy efficiency and alternative energy generation sources.

Thank you for your time and consideration of this request.

Sincerely,



Earl P. Tatlow
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